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Section 5 Attachments:

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Section 5 – Financial Management

The objective of the Financial Management Section of the Weatherization Operations Manual is to outline the fiscal policy used by DNR/EC in the management of the Low Income Weatherization Assistance Program formula grant. The requirements are as follows:

I. Budget Submission and Revision

A. Submission

1. Budgets (See *Attachments 5-1* through *5-3* for budgeting instructions and sample forms).

Prior to awarding a subgrant, the following documentation must be submitted to the DNR/EC:

Detail Budget

Production services goals

Personnel descriptions with percent of position that is being funded through the grant

Indirect rate negotiation information

Proof of liability and pollution occurrence insurance

DOE subgrants require the following additional documentation:

Leveraging Plan. The subgrantee is required to submit a plan documenting how Leveraging funds will be managed. Approval of the Leveraging Plan is required prior to incurring costs in this budget category. The Leveraging Plan will include, but is not limited to, specific planned activities; targeted partners (e.g. landlords, utility, other agencies); and estimated outcomes, including dollar amounts.

Training and Technical Assistance (T&TA) Plan. The subgrantee is required to submit a plan documenting how T&TA funds will be managed. Approval of the T&TA Plan is required prior to incurring costs in this budget category. The T&TA Plan will include, but is not limited to, agency-specific priorities for training and technical assistance (e.g. major turnover of energy auditors will require investment in basic weatherization training, blower doors, heating systems, the National Energy Audit Tool (NEAT) and the Mobile Home Energy Audit (MHEA)).

2. Revisions

Budget revisions, as defined in 10 CFR 600, paragraph 600.125, must be submitted to DNR/EC. 10 CFR 600 details the circumstances that require budget revisions and when prior approval is required. Changes in the production schedule are considered as changes in the scope of work and require prior written approval by DNR/EC.

B. Budget Categories

1. Administrative Funds

Allocation: Each program year, DNR/EC allocates five percent (5%) of new funding to be allocated as administrative funds to the WAP agencies using the funding formula. A subgrantee allocated less than \$350,000 in total WAP funds may request up to an additional five percent (5%) in administrative funds. However, the additional funds are not in addition to the base grant, but will be taken from the program operations category. To qualify for increasing the administrative funds, the subgrantee must justify its need. The following items will be considered: (1) an approved indirect rate, (2) previous year expenditure for the WAP and (3) the planned purchase of equipment to manage the WAP.

Carryover: DNR/EC will authorize WAP agencies to carry over administrative funds in an amount equal to a subgrantee's unspent administrative funds from the previous program year providing the rate of administrative expenditures to total expenditures is not greater than the amount allowed in the budget section of the grant award. Discrepancies between the financial audit and reported expenditures will be adjusted in the next supplemental or regular budget period.

Total Administrative Budget: The total administrative budget is the sum of the new administrative funding allocated under the base grant, the amount of administrative funds carried over from the previous year and any increase approved as outlined above.

Restrictions:

- a) The WAP portion of the agency's single audit costs are not to be included as an administrative expense unless financial audit costs are included in the indirect cost pool of a negotiated approved, indirect cost rate. This expense is to be budgeted in the "Financial Audit" budget category.
- b) Non-administrative carryover funds may not be converted to the administration funds category.
- c) If a subgrantee's expended administration funds exceed twenty percent (20%) of total WAP expenses at the end of any reporting period, DNR/EC may require written justification from the subgrantee.

2. Insurance

All subgrantees must secure appropriate insurance coverage for weatherization personnel. All insurance must be procured by the competitive bid process and must include these types:

Vehicular/Equipment Insurance to protect program property from damage and loss. All vehicles (and equipment where appropriate) must have personal and property liability insurance.*

Liability Insurance for agency personnel who perform on-site work and pre- and post-inspections. Both personal injury and property damage, and completed product liability insurance must be included in this policy.**

Pollution Occurrence Insurance (POI) is required to be carried by each subgrantee. See the federal LIWAP website at www.waptac.org for additional information.**

Property Insurance to cover all weatherization materials and tools owned by the program from damage and loss.

Vehicular/equipment insurance and property insurance are Program Operations items and must be budgeted accordingly. Insurance coverage shall be at adequate amounts.* The type and extent of coverage shall be monitored by DNR/EC during monitoring visits.

*** Should the cost of the insurance exceed the value of the vehicle or equipment, replacement coverage need not be carried.**

**** Liability and POI insurance is to be recorded in the Insurance budget category.**

3. Financial Audit

Section 440.23 of the federal program regulations permits a separate budget category for financial audits. Unless financial audit costs are included in the indirect cost pool of a negotiated, approved, indirect cost rate, it is recommended to budget that expense in the "Financial Audit" budget category. This will help to not over-burden the limited administrative cost category.

4. Leveraging

Subgrantees may budget up to, but no more than, five percent (5%) of their grant allocation for leveraging activities. A leveraging plan is required to be submitted with each budget. Leveraging activities include paying for agency staff or hiring consultant staff to explore and develop partnerships with property owners, utility companies and other entities that generate non-Federal resources for the program. Other allowable activities include: holding leveraging meetings; preparing technical materials/briefs or facilitating voluntary match funds from a non-Federal source. The leveraged resources should expand energy efficiency services and/or increase the number of DOE-eligible dwelling units weatherized. The work done with leveraged resources must be consistent with an approved energy audit and utilize cost-effective measures. Leveraging efforts will not always be successful, but subgrantees should aim to produce more than one dollar leveraged for each DOE dollar expended.

Utility funds for weatherization obtained by the DNR/EC through utility regulatory cases or other actions may not be reported by subgrantees as leveraged funds.

5. Training and Technical Assistance (T&TA)

Expenses charged to this category are used to fund training to support weatherization activities, subject to restrictions found in 10 CFR 600. The budget maximum for T&TA is \$5,000. A T&TA plan is required to be submitted with each annual budget. T&TA activities are intended to maintain or increase the efficiency, quality and effectiveness of the Weatherization Assistance Program at all levels. Such activities should be designed to maximize energy savings, minimize production costs, improve program management and crew/contractor "quality of work" and/or the potential for waste, fraud and mismanagement.

6. Program Operations

Program Operations is defined as all expenses that directly support low-income weatherization operations. These include, but are not limited to, support (personnel and other expenses), labor, materials directly related to weatherizing homes, vehicle and property insurance, telephone and office supply expenses not allocated as administrative expenses under the agency cost-allocation plan and rental of office space.

C. Carryover Restrictions

Administrative, Leveraging and T&TA funds may be carried over in their respective categories or converted into Program Operations.

Program Operations funds may be carried over, but shall not be converted to Administrative, Leveraging or T&TA funds.

Federal WAP funds not spent by the end of a program year may be recaptured. However, fifteen percent (15%) of total WAP subgrant funds may be carried forward. If a subgrantee determines the need to carry over monies in excess of fifteen percent (15%) of grant funds, prior written approval must be obtained from the State. Before state approval may be granted, a detailed request that explains the necessity of the carry over funds and the circumstances that caused the subgrantee to carry over an amount greater than fifteen percent (15%) must be submitted. The request should also describe the corrective measures that will be taken to ensure that carry over funds will not exceed fifteen percent (15%) in the following year and have assurances that WAP clients have not or will not be deprived of WAP services. Funds in excess of fifteen percent (15%) of the base subgrant may be redistributed as determined by the State.

D. Cost Limits

1. Average Cost Per Home

DOE establishes a national average expenditure limit per home each program year. This average is identified in the State WAP plan and can also be found on the federal LIWAP website at www.waptac.org.

DNR/EC reserves the right to approve or reject certain costs as allowed expenditures. Costs for program operations that exceed the established annual average cost per home, as specified in 10 CFR 440 paragraph 440.18(b), may be repaid to DNR/EC if the statewide average is more than the amount specified in 10 CFR 440.

At the close of the program year, if the statewide average is less than the maximum allowed by program rule, but a subgrantee's average is above the maximum, DNR/EC reserves the right to recapture excess expenditures. Subgrantee's may submit a request for waiver to DNR/EC attn: "Weatherization Program Director and Administrator."

During the program year, if DNR/EC determines that the average cost per home will exceed the maximum allowable annual average cost per home, additional cost restrictions may be imposed. Implementation of these limits will be based on data gathered by the State regarding actual cost averages and may be imposed on one or all subgrantees as needed. The State will notify the subgrantee by certified mail of the cost restrictions to be implemented and procedures for implementing the restrictions. Upon receipt of such letter, the subgrantee will be required to implement this procedure for all homes for which materials have not been ordered or for which a job order has not been issued to a contractor.

2. Multi-Family Dwellings

When WAP services are provided for multi-family dwellings, the following guidance applies:

- a) Single-family unit costs limitations apply.
- b) Total cost may not exceed the maximum cost allowance multiplied by the total number of eligible units.
- c) A unit cost waiver does not apply.

3. Incidental Repair Cost Limits

The Incidental Repair Cost Limit for site-built and mobile homes is \$600 in materials. A subgrantee is required to document and request prior approval for any incidental repairs requiring more than \$600 in materials. The request and approval/disapproval documentation should be included in the client file. **Incidental repairs, as defined in 10 CFR 440, means those repairs necessary for the effective performance or preservation of weatherization materials.** Such repairs include framing or repairing windows and doors which could not otherwise be caulked or weatherstripped and providing protective materials, such as paint, used to seal materials installed. Other types of incidental repair costs include repair of solid-fuel heating equipment, repair of permanently installed electric-resistance heating equipment, heating system repairs, primary door and window replacements, lumber, roofing materials, flashing, siding materials, masonry supplies, hardware for door repairs, kitchen/bath exhaust fans and clothes dryer vents.

4. Health and Safety Cost Limits

A statewide limit for the average cost per home for Health and Safety abatement costs has been set at ten percent (10%) of expenditures. DNR/EC recognizes that some hazards will be beyond the scope of the resources of the program to abate. Dwellings that contain such hazards will be rejected if a serious hazard is likely to be aggravated by the weatherization process or cause harm to the technicians working on the home. If conditions are found that endanger the occupants and are beyond the scope of the WAP, a subgrantee should take whatever actions necessary to inform the occupants and appropriate authorities. Additional health and safety information is available in the Weatherization Master File under Health and Safety Plans (See *State Plan* section of this manual).

II. Funding

A. Subgrant Advance

DNR/EC has established a policy of providing up-front funding. **The actual amount of up-front funding will be based on the first month of the program year's scheduled expenditures of program operations only.** To support the amount of requested up-front funding, the following documentation must accompany each request:

Names and addresses of the homes that will be weatherized during the period for which advance funding is being requested.

Dates when weatherization work is scheduled to begin on each of the homes.

If energy assessments have been performed on the homes, include the projected cost of completing the weatherization work. Costs should include support, materials and labor.

Any additional documentation that the agency considers important to support the request for advance funding.

The purpose of up-front funding is to provide funds to cover the lag between the time a sub-recipient incurs an expense and is reimbursed by the State. The agency fund balance, if any, at the beginning of the Program Year is considered an advance and is deducted from the up-front request. All previous-year funds, including both cash and the value of inventory, held by a subgrantee at the close of the Program Year will be shown as an advance of subgrant funds against new funds to be allocated by the State and will be considered a portion of the current year's allocation. DNR/EC may withhold reimbursement requests in order to liquidate the advance.

B. Reimbursement

The intent of DNR/EC is to process reimbursements in a timely manner if proper documentation is submitted.

The State's preferred method of payment is reimbursement.

Reimbursement requests (DE-5) shall be submitted with the monthly report in a format specified by the State. See *Section 4* of this manual for reporting requirements.

Agency Fund Balance. If a subgrantee's agency fund balance (funds on hand) exceeds twenty percent (20%) of the grant at the end of any reporting period, DNR/EC may require written justification from the subgrantee and may withhold reimbursement requests in order to liquidate fund balances.

Upon receipt of the monthly report, DNR/EC shall perform an analysis of the report and invoice and shall initiate reimbursement procedures. The purpose of the analysis is to review revenue and expense categories and identify significant variances from the subgrant budget as well as non-compliance with expense and revenue limits. The report is also reviewed to ensure compliance with WAP program rules and technical standards.

Any corrections or revisions noted by DNR/EC staff that need to be completed by the weatherization agency before reimbursement can be authorized will be relayed to the agency by e-mail or telephone and documented in the agency monthly report files.

Once DNR/EC's review is complete and reimbursement approved, DNR/EC staff will enter and approve reimbursement requests in the SAM II state accounting system for payment.

To ensure a zero agency fund balance at the end of the program year, DNR/EC will withhold a portion of the monthly report payments during the fourth quarter of the program year until the agency fund balance is zero.

III. Asset Management

A. Inventory

Materials inventory shall be valued on the Agency's Balance Sheet using the First In First Out (FIFO) inventory valuation method.

Agencies may choose either the perpetual or periodic inventory system. If the perpetual system is chosen, the agency must submit the results of a reconciliation between a physical inventory and the general ledger carrying value of the inventory, as of the end of the Program Year. The results of the reconciliation shall be reported on the final monthly report as inventory gain/loss.

B. Equipment

Reportable equipment and vehicles are defined as equipment with a cost equal to or greater than \$5,000.

The agency must insure its equipment in accordance with the provisions of 10 CFR 600.

DNR/EC requires an annual equipment inventory. The results of the annual inventory are due to DNR/EC not later than December 1 of the current Program Year. See *Section VI of the Procurement Section*.

Sale of Equipment. See *Section III of the Procurement Section*.

IV. Sale of Weatherization Materials

During a transition from crew to contract labor, a subgrantee may dispose of remaining materials to contractors at the price at which the subgrantee purchased the material. In its bid request, the subgrantee may note that it will require the winning contractor to purchase the remaining inventory at cost as needed to complete the work assigned. The request for bid should list approximate quantities and prices in order to help the bidders determine how this requirement will affect their costs. The subgrantee shall not purchase new materials for this purpose.

V. Closeout of Weatherization Program Years

Subgrantees may only report homes as completed that have all work, a final inspection and all re-work completed by the end date of the Program Year specified in the Terms of Grant Agreement. Only services or supplies received prior to the end of the Program Year will be reimbursed by DNR/EC (i.e., services, office supplies). DNR/EC will not reimburse the cost of any material inventory or for homes in progress. Homes in progress are to be classified as inventory and must be carried over into the next Program Year.

A home in progress is a home for which one of the following applies: (1) energy conservation measures (ECMs) have actually commenced, (2) specialty items have been ordered that cannot be returned to the vendor or (3) the home has been awarded to a contractor.

VI. Final Reports and Audits

A. Final Reports

Authority to spend subgrant funds is for a specific time period. The final report must document accrued expenditures and ending inventory as of June 30th of the Program Year. Each subgrantee must submit an accurate final report within 30 days following the completion of the Program Year.

B. Audits (See *Attachment 5-4*)

A complete audit report is due to DNR/EC within nine months from the end of the agency's fiscal year or thirty days from the date the final report is submitted to the recipient by the independent auditor.

All figures on the final report are subject to auditor confirmation. A copy of the agency single audit shall be submitted to DNR/EC. See the WAP audit guide for guidance concerning agency single audits. All accounts payable must be liquidated. Subgrants

will not be considered concluded until the State sends the subgrantee an audit review letter and a management decision letter, if applicable. **Discrepancies between the final report and the auditor prepared schedules in the audit report have to be reconciled prior to submission otherwise the audit report will be forwarded to the agency's Board of Directors for corrective action.**

VII. Program Income

DOE defines program income as any funds earned by grantees and/or subgrantees from non-Federal sources during the course of performing DOE Weatherization work. The income generated must be used to complete additional dwelling units in accordance with U.S. DOE rules.

Program income is subject to the specific guidance provided in the DOE Financial Assistance Rule, 10 CFR 600, Subpart B, Section 600.124 and Subpart C, Section 600.225, as appropriate, and should be treated as an addition to program funds and are subject to the same rules as appropriated funds. Because of changes to 10 CFR 600, DOE will stipulate, in the grant award, that program income is to be treated as an addition to program funds. Property owner (i.e. landlord) contributions and leveraged resources (i.e. utility or State funds) are NOT considered to be "program income" for the purposes of the Weatherization Assistance Program.

VIII. Terminology Definitions

Grant Balance. The total agency grant amount, minus reimbursable expenditures.

Agency Fund Balance. The beginning agency fund balance (cash plus inventory) plus reimbursements, minus the agency's reimbursable expenditures.

Reimbursable Expenditures. Allowable costs incurred by the agency within the specified program year.

Beginning Agency Fund Balance. The funds an agency has at the beginning of the program that were carried forward from the previous Program Year.

Attachment 5-1 (10/01/2008)

Itemized Budget Worksheet Instructions

Include all information required below with submission of the itemized budget worksheet. Attach narrative explanations as needed. Supporting budget, expenditure and production records should be available on-site upon request.

Required budget detail:

A. Administration:

- 1) Indirect - Include indirect cost in dollars (rate x amount) on the budget worksheet. **Attach a copy of the agency's rate negotiation information.**
- 2) The Administration category may not exceed 5 percent of the total amount of monies allocated to each subgrantee unless the total allocation is less than \$350,000. If the allocation to the agency is less than \$350,000, the agency may request an additional 5 percent for administration. If the agency believes that they will need more than 5 percent of the total allocation for administration, please submit detailed justification with the budget submittal. Please see Section 5, B.1 of the Weatherization Operations Manual for more information regarding justification submittal for requests in excess of 5 percent for Administration.
- 3) Personnel - List each administrative position (title, not name) that the agency plans to fund all or in part from the grant award. **Include a brief description of the position's function or examples of work; the percentage of the position that is allocated to work in this program (fte); and associated budgeted costs.**
- 4) Itemized non-personnel expenses and equipment - List budgeted amounts with brief descriptions of planned expenditures. If the agency plans to purchase any item(s) costing more than \$5,000 during this program year from administration funds, include an itemized list with the budget documentation and a request for approval. Only items costing more than \$5,000 that are not included in the current budget documentation will require written DNR/EC approval in advance of purchase during the year.

B. Liability Insurance: Proof of current liability insurance and Pollution Occurrence Insurance (POI)(Lead Safe), is required to be submitted with the budget. Documents providing proof of insurance should include the amount of coverage and effective dates. **It is recommended to budget liability insurance on the liability insurance line item and Pollution Occurrence Insurance on the POI line item.**

C. Financial Audit: If the agency plans to budget money from the grant for financial audit expenses it is recommended to enter that amount on the financial audit line item.

NOTE: Leveraging and Training and Technical Assistance (T&TA) expenses are not eligible under utility subgrants, (example, Ameren Electric, Ameren Gas, Laclede, and Atmos) thus leveraging and T&TA plans are not required.

D. Leveraging: Agencies are encouraged to budget up to, but no more than, 5 percent of their grant allocation for leveraging activities. A leveraging plan is required to be submitted with the budget. Leveraging activities include paying for agency staff or hiring consultant staff to explore and develop partnerships with property owners, utility companies, and other entities that generate non-Federal resources for the program. Other allowable activities include: holding leveraging meetings; preparing technical materials/briefs; or facilitating voluntary match funds from a non-Federal source. The leveraged resources should expand energy efficiency services and/or increase the number of DOE-eligible dwelling units weatherized. The work done with leveraged resources must be consistent with an approved energy audit and utilize cost-effective measures. Leveraging efforts will not always be successful, but subgrantees should aim to produce more than one dollar leveraged for each DOE dollar expended. **When developing the leveraging plan agencies should address the following when planning and budgeting their leveraging activities:**

- Identify specific planned leveraging activities
- Identify targeted partners (e.g., property owners, utility companies, other entities)
- Estimate outcomes including dollar amounts.

E. Training and Technical Assistance (T&TA): The budget maximum for T&TA is \$5,000. A T&TA plan is required to be submitted with the budget. T&TA activities are intended to maintain or increase the efficiency, quality, and effectiveness of the Weatherization Assistance Program at all levels. Such activities should be designed to maximize energy savings, minimize production costs, improve program management and crew/contractor “quality of work”, and /or the potential for waste, fraud, and mismanagement. **When developing the T&TA plan agencies are encouraged to address the following when planning and budgeting for their T&TA activities:**

- Identify agency-specific priorities for training and technical assistance (e.g., major turnover of energy auditors will require investment in basic weatherization training, blower doors, heating systems, and the National Energy Audit Tool (NEAT) and the Mobile Home Energy Audit (MHEA).
- Respond to training needs identified by DNR/EC Housing Quality or Procedural monitoring.
- Give priority to costs for attending state-sponsored training, or document that the agency already has the necessary skills in the areas offered.

F. Program Operations: This portion of the grant was formerly reported as three cost categories: support (personnel and other expenses), labor, and materials directly related to weatherizing homes.

- 1) **Personnel** - List each position (title, not name) that the agency plans to fund all or in part from the grant award. **Include a brief description of the position’s function or**

examples of work; the percentage of the position that is allocated to work in the program (fte); and the associate budgeted amount.

Itemized non-personnel expenses and equipment - List budgeted amounts with brief descriptions of planned expenditures. If the agency plans to purchase items of equipment costing more than \$5,000 during the program year from program operation funds, include an itemized list with the budget documentation and a request for approval. Only items costing more than \$5,000 will require written DNR/EC approval in advance of purchase during the year. **NOTE:** All vehicle purchases, even if purchase price is below \$5,000, require both DOE and DNR/EC approval before the vehicle may be purchased.

- G. Production Service Goals: To estimate the total number of homes that the agency expects to serve, allocate the amount of program operation funds the agency expects to spend for all homes. Then divide the amount allocated by the agency's anticipated *average per-home cost*. **The annual DOE average per-home cost limitations may be found on the federal LIWAP website at www.waptac.org.**

Example: Amount Budgeted / Average Cost per Home = Total Homes Weatherized
\$44,490 Budgeted / \$2,966 Average Cost per Home = 15 Homes Weatherized

WEATHERIZATION DETAILED BUDGET

DOE Funding

1. ADMINISTRATION

\$0

a. Indirect rate _____ %
(Please attach a copy of the rate negotiation.) _____ base x _____ %)

b. Personnel Costs:

\$0

1) Agency Administrative	() FTEs	FTEs	_____
2) Weatherization Director	() FTEs	FTEs	_____
3) Secretarial/Clerical WX	() FTEs	FTEs	_____
4) Other WX Admin Staff			
a) _____	() FTEs	FTEs	_____
b) _____	() FTEs	FTEs	_____
c) _____	() FTEs	FTEs	_____

c. Non-Personnel costs

\$0

1) Equipment (under \$5,000)	_____
2) Equipment (over \$5,000-attach list)	_____
3) Office Supplies	_____
4) Telephone	_____
5) Office Space Cost	_____
6) Contract Costs (attach specifics)	_____
7) Publication Cost	_____
8) Travel Costs	_____
9) Other (detail)	_____
a) _____	_____
b) _____	_____
c) _____	_____

2. LIABILITY INSURANCE

\$0

1) Liability	_____
2) Pollution Occurrence Insurance (POI) (Lead Safe)	_____

3. FINANCIAL AUDIT

4. LEVERAGING

\$0

1) Personnel	_____
2) Travel	_____
3) Supplies	_____
4) Other	_____

5. TRAINING & TECHNICAL ASSISTANCE

6. PROGRAM OPERATIONS

SUPPORT COSTS

a. Personnel

1) WX Director	() FTEs	FTEs	_____
2) Warehouse Staff	() FTEs	FTEs	_____
3) Pre-Inspector(s)	() FTEs	FTEs	_____
4) Final Inspector(s)	() FTEs	FTEs	_____
5) Foreman	() FTEs	FTEs	_____
6) Other (list)			
a) _____	() FTEs	FTEs	_____
b) _____	() FTEs	FTEs	_____
c) _____	() FTEs	FTEs	_____

b. Non-Personnel Costs

1) Office Supplies	_____
2) Telephone	_____
3) Office Space	_____

c. Transportation Cost

1) Paid Mileage+Per Diem Rate/Mi.	_____	_____
2) Gas and Oil Costs	_____	_____

d. Maintenance-Operate-Insurance of Vehicles	# vehicles	_____	_____
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e. Maintenance:

1) Tools & Equipment	_____
2) Computer	_____

f. Storage Costs: _____ sq ft.	_____
--------------------------------	-------

g. Purchase/Lease of Equipment, Tools, Vehicles

1) Purchase	
a) Vehicles (attach request)	_____
b) Tools (under \$500 each)	_____
c) Equipment (over \$500 each)	_____
2) Lease	
a) Vehicles (attach request)	_____
b) Equipment	_____

h. Other (explain below)

1) _____	_____
2) _____	_____

SUPPORT TOTALS

\$0

LABOR COSTS

a. Contract Labor

1) Infiltration		
2) Insulation		
3)Heating Systems		

b. Crew Labor

1) Infiltration Crew		
a) Chief(s)	_____ FTEs	_____
b) Laborer(s)	_____ FTEs	_____
2) Insulation Crew		
a) Chief(s)	_____ FTEs	_____
b) Laborer(s)	_____ FTEs	_____

c. Other (specify)

1) _____	_____ FTEs	_____
2) _____	_____ FTEs	_____

LABOR TOTALS

\$0

MATERIAL COSTS

a. Materials: Avg per home
x # of homes

\$0

Average support, labor and material

#DIV/0!

PROGRAM OPERATIONS TOTALS

\$0

TOTAL OF BUDGET

\$0

DETAIL OF WEATHERIZATION BUDGET: CARRYOVER)	NEW FUNDS	(RESERVED AREA FOR ESTIMATED CARRYOVER)	TOTAL
ADMINISTRATION	_____	_____	\$0
INSURANCE	_____	_____	\$0
FINANCIAL AUDIT	_____	_____	\$0
LEVERAGING	_____	_____	\$0
TRAINING & TECHNICAL ASSISTANCE	_____	_____	\$0
PROGRAM OPERATIONS	_____	_____	\$0
TOTAL GRANT	\$0	\$0	\$0

ESTIMATED PROGRAM INCOME (DO NOT INCLUDE LANDLORD CONTRIBUTIONS)

DATE _____
AGENCY ACRONYM _____

Part 2. Production and Client Services Goals

A. Production Goals

To estimated total number of homes you expect to serve, allocate the amount of program operation funds you expect to spend for all homes. Then divide the amount allocated by your anticipated average per-home cost. In PY 2008, the average per-home cost may not exceed \$2966.

Example: Amount Budgeted / Average Cost per Home = Total Homes Weatherized
\$30,000 Budgeted / \$2,000 Avg Cost per Home = 15 Homes Weatherized

Note: a) must equal b)

a)	Subtotals	Single Family	Multi-Family
Total	0		

b)

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Total of b)		0									

B. Client Household Service Goals

Enter number of client households you expect to serve in each category below.

Older Adults	Children Under 19 years old	Physically Challenged	Native Americans	Renter Occupants	Emergency Services	Homes Previously Weatherized

DATE

AGENCY ACRONYM _____

WEATHERIZATION DETAILED BUDGET

Utility Funding

1. ADMINISTRATION

\$0

a. Indirect rate _____ %
(Please attach a copy of the rate negotiation.) _____ base x _____ %)

b. Personnel Costs:

\$0

1) Agency Administrative	(	) FTEs	FTEs	_____
2) Weatherization Director	(	) FTEs	FTEs	_____
3) Secretarial/Clerical WX	(	) FTEs	FTEs	_____
4) Other WX Admin Staff				
a) _____	(	) FTEs	FTEs	_____
b) _____	(	) FTEs	FTEs	_____
c) _____	(	) FTEs	FTEs	_____

c. Non-Personnel costs

\$0

1) Equipment (under \$5,000)	_____
2) Equipment (over \$5,000-attach list)	_____
3) Office Supplies	_____
4) Telephone	_____
5) Office Space Cost	_____
6) Contract Costs (attach specifics)	_____
7) Publication Cost	_____
8) Travel Costs	_____
9) Other (detail)	_____
a) _____	_____
b) _____	_____
c) _____	_____

2. LIABILITY INSURANCE

\$0

1) Liability	_____
2) Pollution Occurrence Insurance (POI) (Lead Safe)	_____

3. FINANCIAL AUDIT

DATE _____
AGENCY ACRONYM _____

PROGRAM OPERATIONS

SUPPORT COSTS

a. Personnel

1) WX Director	(	) FTEs	FTEs	_____
2) Warehouse Staff	(	) FTEs	FTEs	_____
3) Pre-Inspector(s)	(	) FTEs	FTEs	_____
4) Final Inspector(s)	(	) FTEs	FTEs	_____
5) Foreman	(	) FTEs	FTEs	_____
6) Other (list)				
a) _____	(	) FTEs	FTEs	_____
b) _____	(	) FTEs	FTEs	_____
c) _____	(	) FTEs	FTEs	_____

b. Non-Personnel Costs

1) Office Supplies	_____
2) Telephone	_____
3) Office Space	_____

c. Transportation Cost

1) Paid Mileage+Per Diem Rate/Mi.	_____	_____
2) Gas and Oil Costs	_____	_____

d. Maintenance-Operate-Insurance of Vehicles	# vehicles	_____	_____
--	------------	-------	-------

e. Maintenance:

1) Tools & Equipment	_____
2) Computer	_____

f. Storage Costs: _____ sq ft.	_____
--------------------------------	-------

g. Purchase/Lease of Equipment, Tools, Vehicles

1) Purchase	
a) Vehicles (attach request)	_____
b) Tools (under \$500 each)	_____
c) Equipment (over \$500 each)	_____
2) Lease	
a) Vehicles (attach request)	_____
b) Equipment	_____

h. Other (explain below)

1) _____	_____
2) _____	_____

SUPPORT TOTALS

\$0

LABOR COSTS

a. Contract Labor			
1) Infiltration			
2) Insulation			
3)Heating Systems			
b. Crew Labor			
1) Infiltration Crew			
a) Chief(s)		FTEs	
b) Laborer(s)		FTEs	
2) Insulation Crew			
a) Chief(s)		FTEs	
b) Laborer(s)		FTEs	
c. Other (specify)			
1) _____		FTEs	
2) _____		FTEs	

LABOR TOTALS \$0

MATERIAL COSTS

a. Materials: Avg per home		
x # of homes		\$0

Average support, labor and material #DIV/0!

PROGRAM OPERATIONS TOTALS \$0

TOTAL OF BUDGET \$0

DETAIL OF WEATHERIZATION BUDGET:	NEW FUNDS	(RESERVED AREA FOR ESTIMATED CARRYOVER)	TOTAL
ADMINISTRATION			\$0
INSURANCE			\$0
FINANCIAL AUDIT			\$0
LEVERAGING			\$0
TRAINING & TECHNICAL ASSISTANCE			\$0
PROGRAM OPERATIONS			\$0
TOTAL GRANT	\$0	\$0	\$0

ESTIMATED PROGRAM INCOME (DO NOT INCLUDE LANDLORD CONTRIBUTIONS)

DATE _____
AGENCY ACRONYM _____

Part 2. Production and Client Services Goals

A. Production Goals

To estimated total number of homes you expect to serve, allocate the amount of program operation funds you expect to spend for all homes. Then divide the amount allocated by your anticipated average per-home cost. In PY 2008, the average per-home cost may not exceed \$2966.

Example: Amount Budgeted / Average Cost per Home = Total Homes Weatherized
\$30,000 Budgeted / \$2,000 Avg Cost per Home = 15 Homes Weatherized

Note: a) must equal b).

a)	Subtotals	Single Family	Multi-Family
Total	0		

b)											
Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Total of b)		0									

B. Client Household Service Goals

Enter number of client households you expect to serve in each category below.

Older Adults	Children Under 19 years old	Physically Challenged	Native Americans	Renter Occupants	Emergency Services	Homes Previously Weatherized

DATE

AGENCY ACRONYM _____

AUDIT GUIDE

LOW INCOME WEATHERIZATION ASSISTANCE GRANTS

I. Purpose

This audit guide is to be used by the recipient's independent auditor during the agency's single audit. The purpose of this guide is to assist the auditor in reviewing the Low Income Weatherization Assistance grant issued by the Department of Natural Resources' Energy Center (DNR/EC). **A copy of this guide and the Low Income Weatherization Program Compliance Supplement from Office of Management and Budget Circular A-133 must be presented to the auditor during the planning phase of the audit.**

II. Authority

The Single Audit Act of 1996, P.L. 104 – 156 is the law giving DNR/EC the authority to require an audit of a recipient agency that meets single audit criteria established in OMB Circular A-133. Generally speaking, any entity expending in excess of \$500,000 in federal funds is subject to an audit in accordance with the provisions of Circular A-133. This circular specifies the requirements of the awarding agency, the recipient agency and the auditor.

III. Audit Standards

An audit report submitted to DNR/EC to fulfill the requirements of a grant awarded as part of the Low Income Weatherization Assistance Program must be conducted in accordance with generally accepted auditing standards (GAAS) as established by the American Institute of Certified Public Accountants (AICPA) and generally accepted government auditing standards (GAGAS) as established by the Governmental Accounting Office (GAO) in the current edition GAO Yellow Book. These standards and requirements of OMB Circular A-133 shall be used in conducting the audit.

A complete audit report is due to DNR/EC within nine months from the end of the agency's fiscal year or thirty days from the date the final report is submitted to the recipient by the independent auditor.

For the purposes of this guide, a complete audit report includes the financial statements, accompanying schedules and opinions specified in OMB Circular A-133, the schedules found in this Audit Guide and a copy of any management advisory letter submitted to agency management either with the report or under a separate letter. The Weatherization schedules presented in the audit report are not financial statements that the auditor is attesting to. They are schedules prepared using Statement on Auditing Standards (SAS) 29 guidelines.

If the auditor prepared schedules are not in agreement with the final report submitted to DNR/EC The complete audit report will be rejected and returned to the Agency Board of Directors for corrective action.

IV. Required Audit Procedures

General audit procedures that are required by DNR/EC may be found in Part 4, Department of Energy, to the Compliance Supplement of OMB Circular A-133.

The schedules found in this guide are to be included in the audit report. The schedules are to cover the period of the DNR/EC grant year. Only those schedules that apply to an agency need be included. For example, if the agency contracts for weatherization services and does not carry a weatherization material inventory then the inventory reconciliation schedule need not be presented. Schedules A and B must be presented, even if the program is not audited as a major program.

Once the fieldwork has been completed and the required schedules have been prepared, the auditor must compare the Weatherization Program schedules against the final report submitted by the agency to DNR/EC. If the schedules and the final report do not agree, a reconciliation must be prepared and submitted with the audit report. Any audit adjustments to the agency's books must be identified. If audit adjustments were made to the agency's records that change any of the revenue or expense category amounts reported to DNR/EC, these audit adjustments must be identified and a revised final report must be included in the audit report. **IT IS THE AUDITED AGENCY'S RESPONSIBILITY TO ENSURE THAT ANY DISCREPANCIES BETWEEN THE AGENCY'S GENERAL LEDGER ACCOUNTS AND THE REPORTS SUBMITTED TO DNR/EC BE RESOLVED PRIOR TO SUBMITTING THE AUDIT REPORT.**

If the schedules presented in the audit report and submitted to DNR/EC are not in agreement the agency shall be in non-compliance with the terms of the grant contract and the audit will be returned to the agency. The agency will have 30 days from the date of the transmittal letter to correct the discrepancies and return a corrected audit to DNR/EC.

V. Audit Risk Areas

A. *Grant Contract Terms*

Grant contract terms are found in the scope of work section of the grant award document. The primary risk found in this review is the requirement for the weatherization program to be audited as a major program. OMB Circular A-133 requires written notification if the awarding agency requires a program to be audited as a major program during the agency single audit. DNR/EC uses the scope of work section of the grant award to fulfill this requirement. The complete grant award should be reviewed during the planning stage of the audit.

B. *General Cost Limitations*

General cost limitations may be found in Section V of the Weatherization Operations Manual. Compliance is mandatory.

C. Administrative Cost Limits

Administrative cost limitations are defined in Section V of the Weatherization Operations Manual. To calculate the maximum administrative cost rate allowable for the grant under review, obtain a copy of the grant award including any amendments. Turn to the grant budget page and find the amount budgeted for administration. Divide the amount budgeted for administration by the total amount budgeted for the grant. This percentage is the maximum allowable rate of administrative expenditures.

To test administrative expenditures, multiply the total reported expenditures by the administrative rate percentage. If the amount of administrative expense reported to DNR/EC is greater than the maximum allowable rate of administrative expenditures then the amount budgeted for administration in the next grant year will be reduced by the amount overspent.

D. Average Cost Per Home

Average cost per home limitations are included in the Weatherization State Plan and change each grant year. The average cost per home is actually the average program operations cost per home. The easiest way to find this average is to review any monthly report analysis. This analysis is sent to the agency each month by DNR/EC after the monthly report has been reviewed. The last page of the report contains the maximum average per home as stated in the State Plan.

Individual weatherization program client files reviewed during the agency single audit may show claimed costs in excess of the maximum allowable average cost per home. This is acceptable. If, at the end of the grant year, the average cost per home for the year exceeds the maximum allowable average cost, the agency may be required to reimburse the amount overspent in program operations. This is calculated by determining the amount per home exceeding the maximum allowable average amount and multiplying this by the number of homes completed during the grant year.

E. Client Dwelling and Income Eligibility Requirements

Client dwelling and income eligibility requirements are found in Section II of the Weatherization Operations Manual. The primary risk is that the client may not be income eligible or the dwelling may have been previously serviced since September 30, 1993. Clients receiving TANF or Social Security SSI payments are not required to meet income eligibility requirements. Additional restrictions for rental units are also found in this section. The primary risks for rental units are that state policy prohibits furnace or water heater replacement for a rental dwelling and that the landlord must provide a five percent cash contribution of estimated labor and material project costs before weatherization work can begin on a home. The landlord contribution may be waived if the owner/landlord's annual taxable income is at or below 200 percent of the federal poverty level. This section should be reviewed if weatherization files are to be tested during the audit.

F. Reporting Requirements

Reporting requirements for periodic program reporting are contained in Section IV of the Weatherization Operations Manual. Included in this section is a list of the documentation required to be included in a weatherization client file. Included in required client file documentation is a client file summary. The primary risk is that the final inspection of work performed on the dwelling was not documented. This section should be reviewed if weatherization reports are to be tested during the audit.

G. Procurement Requirements

Procurement requirements are found in Section VI of the Weatherization Operations Manual. Included in this section are contracting dollar thresholds, inventory reporting requirements and small purchase procedures. The primary risks in the procurement area include failure to report equipment purchases in excess of \$5,000 and undocumented telephonic procurements. This section should be reviewed if the program's contracts are reviewed during the single audit.

Sample Form

Schedule A

<Subgrantee>

Subgrant Number

RECONCILIATION OF REVENUES AND EXPENSES

FOR THE PERIOD OF July 1, 20____ to June 30, 20____

Provide the following information for the WAP Program Year (July 1 to June 30)

ENERGY CENTER

Beginning Fund
Balance

Revenue

Grant Income

Carry Over Funds

Program Income

Total Revenue

Expenditures

Administration

Program Operations

Insurance

T&TA

Other

Total Expenditures

Ending Fund Balance

SUBGRANTEE

Beginning Fund
Balance

Revenue

Grant Income

Carry Over Funds

Program Income

Total Revenue

Expenditures

Administration

Program Operations

Insurance

T&TA

Other

Total Expenditures

Ending Fund Balance

Note: Recipient and Energy Center fund balance must be in agreement. If not, the difference must be corrected before the audit is acceptable.

Sample Form

Schedule B

<Subgrantee>
Subgrant Number

BEGINNING AGENCY FUND BALANCE
(CARRY-OVER) (As of July 1)

\$ _____

GRANT REVENUE
(Funds received July 1 through June 30)

\$ _____

PROGRAM INCOME

\$ _____

LESS EXPENDITURES
(July 1 through June 30)

\$ _____

AGENCY ENDING FUND BALANCE

\$ _____

Ending Cash on Hand

\$ _____

Ending Inventory

\$ _____